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C O N F I D E N T I A L VATICAN 002949

SIPDIS

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SUBJECT: ISRAEL: VATICAN PESSIMISTIC ON SOURING RELATIONS

REF: A. VATICAN 2934

1B. VATICAN 1445

Classified By: Ambassador Jim Nicholson for reasons 1.5 (b) and (d)

Summary

11. (C) Holy See Country Director for the Middle East Coppola elaborated on his foreign minister's frustrations with Vatican-Israel relations July 22, pointing to stalled negotiations on issues related to the 1994 Fundamental Agreement between the two governments as the main source of contention. Coppola was pessimistic about the next round of talks scheduled for September and warned that Israel's stance endangered the future of the Christian community in the Holy Land. He also criticized the construction of Israel's security barrier, suggesting a parallel between what the Holy See regards as intransigence on that issue and the problems in bilateral relations with the Vatican. End Summary.

Frustration Not Surprising

12. (C) Holy See Country Director for the Middle East Monsignor Franco Coppola expressed frustration with the state of Holy See-Israel relations in a July 22 meeting. Coppola expanded on criticisms of the GOI leveled by Holy See Foreign Minister Giovanni Lajolo during a July 17 meeting with visiting Senator Sam Brownback (R-KS) (ref a). Coppola said he was not surprised that Lajolo became animated in his description of current ills in Vatican-Israel relations, as he has seen what the Vatican considers Israeli insincerity in negotiations "for some time now."

Coppola: Catholics Not Trying to Avoid Fair Share

13. (C) Coppola agreed with Lajolo that frustrations between the Holy See and Israel had reached a new level with the controversy surrounding the July 5 negotiating session between delegations from the two governments. A number of issues that formed part of the 1994 Fundamental Agreement that established full diplomatic relations between the two governments remain unresolved, including some related to taxation, property, and visas for religious workers (ref b). Coppola insisted that Catholic groups in Israel were not simply trying to avoid paying their fair share of taxes. Rather, the rates Israel is demanding are in many cases much higher than similar taxes paid in Europe. Further, he claimed, the government of Israel was demanding funds from institutions that had little or no income, such as churches that did not charge tourists or others for entry. As a result, some institutions had been withholding tax payment for about two years. The situation was untenable, Coppola said, and threatened the future of the Christian community in the Holy Land.

September Talks

14. (C) The Israelis now claim to have completed some of the technical work on outstanding aspects of the Fundamental Agreement and maintain that they are simply awaiting government clearance to move forward, Coppola said. But he did not seem convinced that this would translate into progress when negotiations resumed in September. "You cannot predict it," Coppola concluded. "No one can say what's in their minds."

Security Barrier

15. (C) Coppola implied a connection between Israel's inflexibility on issues with the Holy See, and what the Vatican sees as the GOI's obstinate position on the security

barrier. "Of course no one doubts the right of the Israelis to defend themselves," he said. "But they cannot just build a wall in disputed territory." According to Coppola, Israel can automatically count on U.S. support, and is able to stand against the international community partially because of this backing. He emphasized that world opinion had to count for something in a case like this. "Look at the UN vote (on the opinion of the International Court of Justice) -- 150 in favor and six against," he said. "It's no accident that

opinion is so one-sided on this issue."

NICHOLSON

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